

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**DEFENSE BASE CLOSURE AND REALIGNMENT
BUDGET DATA FOR THE NAVAL UNDERSEA WARFARE
CENTER, NEWPORT, RHODE ISLAND**

Report No. 93-172

September 23, 1993

20000418 049

DTIC QUALITY INSPECTED 3

Department of Defense

DISTRIBUTION STATEMENT A
Approved for Public Release
Distribution Unlimited

AEI00-07-1771

Acronyms

BRAC	Base Realignment and Closure
COBRA	Cost of Base Realignment Actions
MILCON	Military Construction
NORTH-DIV	Northern Engineering Field Division
NUWC	Naval Undersea Warfare Center



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202

Report No. 93-172

September 23, 1993

MEMORANDUM FOR COMPTROLLER OF THE DEPARTMENT OF DEFENSE
ASSISTANT SECRETARY OF THE NAVY
(FINANCIAL MANAGEMENT)

SUBJECT: Audit Report on Defense Base Closure and Realignment Budget Data for
the Naval Undersea Warfare Center, Newport, Rhode Island
(Project No. 3CG-0013.08)

Introduction

We are providing this final report for your information and use. This audit was required by Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991. The law prescribes that we evaluate significant increases in the cost of military construction (MILCON) projects over the estimated cost provided to the Commission on Base Realignment and Closure (BRAC). This report is one in a series of reports relating to FY 1994 MILCON costs and addresses the realignment of the Naval Undersea Warfare Center (NUWC), Newport, Rhode Island.

Audit Results

We commend the Navy for properly planning, programming, and documenting FY 1994 MILCON requirements of \$38.9 million for project P-020S, "Engineering Research, Development, Test, and Evaluation Laboratory," and project P-105S, "Electromagnetic Systems Laboratory," in accordance with Navy criteria and public law.

Objectives

The overall audit objective was to evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the 1991 Commission. The specific objectives were to determine whether BRAC MILCON requirements were adequately supported, to determine whether improvements to real property facilities at closing installations were needed, and to evaluate the effectiveness of internal controls over BRAC actions.

Scope

The Military Departments developed cost estimates as a realignment and closure package for a particular realigning or closing base and did not develop estimates

by individual MILCON project. Therefore, we were unable to determine the amount of cost increases for each individual MILCON project related to a BRAC. We compared the total COBRA cost estimates for each BRAC package to the Military Departments' FY 1994 BRAC MILCON \$900 million budget submission. Thirteen base closure packages had increases from \$1.9 million to \$80.1 million. For our overall audit, we selected 8 of the 13 packages to review, each of which increased 12 percent or more over the cost estimate provided to the Commission. This report covers the NUWC realignment package.

We examined the FYs 1993 and 1994 MILCON budget requests and related documentation regarding the realignment of operating departments to the Newport Division, NUWC, from:

- o the Crane Division, Naval Surface Warfare Center, Crane, Indiana;
- o the Coastal Systems Station, Dahlgren Division, Naval Surface Warfare Center, Panama City, Florida;
- o the Naval Command Control and Ocean Surveillance Systems Center, Space and Naval Warfare Systems Command, San Diego, California; and
- o the New London Detachment, Newport Division, NUWC, New London, Connecticut.

We reviewed supporting documentation for the two realignment projects valued at \$38.9 million. We did not use computer-generated data to conduct this review.

This economy and efficiency audit was made from April to June 1993 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. Accordingly, we included tests of internal controls as were considered necessary. Enclosure 3 lists the activities visited or contacted during the audit.

Internal Controls

We evaluated Navy internal controls for planning, programming, validating, and documenting the MILCON requirements related to the NUWC realignment projects. Specifically, we reviewed the procedures for planning, programming, and budgeting for construction of facilities for the two realignment projects. We did not identify any material internal control weaknesses.

Prior Audits and Other Reviews

Since 1991, 25 audit reports have addressed DoD BRAC issues. Enclosure 2 summarizes the reports.

Background

On May 3, 1988, the Secretary of Defense chartered the Commission on Base Realignment and Closure (the Commission) to recommend military installations for realignment and closure. Using cost estimates provided by the Military Departments, the Commission recommended 59 realignments and 86 base closures. On October 24, 1988, Congress passed, and the President signed, Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," which enacted the Commission's recommendations. Public Law 100-526 also establishes the DoD Base Closure Account to fund any necessary facility renovation or MILCON projects related to the realignments and closures.

Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, re-established the Commission. Public Law 101-510 chartered the Commission to meet during calendar years 1991, 1993, and 1995 to ensure that the process for realigning and closing military installations was timely and independent and stipulated that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress. The 1991 Commission recommended that an additional 34 bases be closed and 48 bases be realigned, resulting in an estimated net savings of \$2.3 billion for FYs 1992 through 1997 after a one-time cost of \$4.1 billion.

To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions (COBRA) computer model. Public Law 102-190 states that the Secretary of Defense shall ensure that the authorization amount DoD requests for each MILCON project associated with BRAC does not exceed the original estimated cost provided to the Commission. The Secretary of Defense is required to explain to Congress the reasons for the differences between the original project cost estimate provided to the Commission, and the requested budget amount. Also, Public Law 102-190 prescribes that the Inspector General, DoD, must evaluate significant increases in MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Discussion

BRAC MILCON Requirements. Project P-020S to be built at Newport will provide an integrated complex of secure land-based test sites, laboratories, and

engineering work shops and offices related to submarine and anti-submarine warfare including underwater sensors and combat control systems. The Navy projected a requirement for a 199,800-gross-square-foot building to accommodate the facilities. The building will house approximately 500 billets and is estimated to cost \$25 million.

Project P-105S will provide a secure research laboratory for the shore-based testing of submarine communications and electronic warfare systems. The facility will contain 91,250 square feet and will house 200 billets currently based at New London. The estimated cost is \$13.9 million.

BRAC MILCON Space and Cost Requirements. The Navy properly planned, programmed, and documented requirements for the two projects.

Project P-020S. NUWC properly justified and supported project scope and costs. We reviewed the DD Form 1391, "FY 1994 Military Construction Project Data," documentation including the supporting cost estimate and facility study, the basic facility requirements, the facility requirement plan summaries, the P-020S utilization committee charter, the design committee meeting minutes, the transition plans, the floorplans, and the architectural program report. NUWC based the justification for the 129,275 net square feet proposed for laboratory and office space on allowances contained in the Naval Facilities Engineering Command Publication P-80, "Facility Planning Criteria," (P-80). We verified a requirement of 47,592 net square feet for laboratory space and 65,000 net square feet of office area. We did not verify lab and technical support space requirements of 16,683 square feet for the operational departments transferring to Newport from New London because laboratory and technical support space, consisting of conference rooms, maintenance shops, data acquisition areas, communications closets, and loading dock areas are reasonably similar to the existing facilities at New London. Finally, general support space of 70,525 square feet called for in the proposed facility plans is comparable to the percentage of general support space (35 percent) in similar existing buildings at Newport and New London. NUWC planners did not exceed the basic facility requirements for those operational departments moving into project P-020S.

Project P-105S. NUWC properly justified and supported project P-105S scope and costs. We verified the 91,250-square-foot requirement NUWC proposed for project P-105S by reviewing the DD Form 1391 documentation and the basic facility requirements. NUWC developed the requirements based on the allowances contained in P-80. The basic facility requirements allowed by P-80 of 91,430 square feet for project P-105S is more than the proposed project scope of 91,250 square feet. The Northern Engineering Field Division, Naval Facilities Engineering Command (NORTH-DIV), Philadelphia, PA, certified that 91,430 square feet would

satisfy the space requirements of the operational departments that will move into project P-105S.

NORTH-DIV Requirements Verification. NORTH-DIV verified proposed requirements for projects P-020S and P-105S, including project scope, costs, and completeness of documentation. NORTH-DIV validated preliminary documentation and certified the final program documents (DD Form 1391, facility study, and cost estimates). The NORTH-DIV certification confirmed project costs, scope, and readiness to enable NUWC to proceed to the design phase of construction. NORTH-DIV certified project P-020S as ready for design on February 13, 1992, at a cost of \$29.4 million, and project P-105S on June 5, 1992, at a cost of \$18 million. NORTH-DIV confirmed the costs via a cost certification study and forwarded the DD Forms 1391 to Headquarters, Naval Facilities Engineering Command, which further reviewed the projects. Headquarters, Naval Facilities Engineering Command revised project P-020S costs from \$29.4 million to \$25 million and revised project P-105S costs from \$18 million to \$13.9 million; the reductions will not affect the satisfactory outcome of the NUWC realignment.

Transfer of Billets. The Naval undersea operational departments transferring to Newport from the three Naval activities that are not assigned to NUWC will be located in existing space belonging to the Newport Division, NUWC. Only the Naval undersea operational departments transferring from the New London Detachment will be located in the projects P-020S and P-105S facilities. The total number of billets scheduled to transfer to Newport are shown in the following table.

Billets Transferring To Newport

<u>To Existing Facilities</u>	<u>Billets</u>
Crane Division, Naval Surface Warfare Center	72
Coastal Systems Station, Dahlgren Division, Naval Surface Warfare Center	139
Naval Command Control and Ocean Surveillance Systems Center, Space and Naval Warfare Systems Command	195
<u>To Projects P-020S and P-105S</u>	
New London Detachment, Newport Division, NUWC	<u>704</u>
Total	<u>1,110</u>

The billets scheduled to transfer to Newport were properly documented and supported. We visited or contacted the four Naval activities that will transfer billets and verified that the existing space at Newport was adequate. The existing space, when added to the space in projects P-020S and P-105S, will adequately accommodate the transferring billets.

NUWC Workload Projections. NUWC estimated workyear projections for the transferring Naval undersea operational departments were documented and supported. We reviewed the planning summaries applicable to projects P-020S and P-105S for the five New London Detachment operational departments transferring to Newport. The planning summaries provide an overview of the operational department missions, goals, and estimated workyears for FYs 1993 through 1997. The estimated workyear projections range between a 12-percent increase to a 5-percent decrease in workyears for the five New London Detachment operational departments. The stable workyear projections support the proposed personnel strength levels that will be accommodated in projects P-020S and P-105S.

Other Matters of Interest

Project P-105S, originally programmed for FY 1990 execution at New London, was canceled by Congress as a result of Navy laboratory consolidations. The project was reprogrammed for FY 1993 and will now be built at Newport. Enclosure 1 contains a chronology of events that transformed project P-105S into a BRAC MILCON project and that moved the project from New London to Newport.

Congressman Sam Gejdenson, Connecticut, expressed concerns regarding the costliness and necessity of the construction of project P-105S. In a May 14, 1993, letter to the Secretary of Defense, Congressman Gejdenson cited our audit of NUWC and requested the Secretary of Defense to consider the congressman's concerns as well as the audit results and to seek a delay in the construction of project P-105S. Based on the objectives of our audit, the Navy properly planned, programmed, and documented construction requirements and costs for project P-105S in accordance with Navy criteria and public law.

Management Comments

Since this report contained no findings or recommendations, written comments were not required and no comments were received.

The courtesies and cooperation extended to the staff are appreciated. If you have any questions on this audit, please contact Mr. Wayne K. Million, Program Director, at (703) 692-2991 (DSN 222-2991) or Mr. Nicholas E. Como, Project Manager, at (703) 692-2996 (DSN 222-2996). Enclosure 4 lists the planned distribution of the report.



Robert J. Lieberman
Assistant Inspector General
for Auditing

Enclosures

Resiting and Reprogramming of Project P-105S

The following chronology summarizes the events leading up to the resiting of project P-105S from New London to Newport and its reprogramming into a BRAC MILCON project.

o October 1987. The New London Detachment prepared the initial DD Form 1391 for project P-105S, estimating construction of a 91,250-square-foot facility costing \$11 million to be built at New London.

o January 24, 1990. The Secretary of Defense memorandum, "Military Construction Moratorium and Review," mandated that "... no new military construction contracts financed by the Military Construction Appropriation be awarded and no options shall be exercised." The moratorium was effective immediately and was subsequently extended to April 15, 1991.

o January 26, 1990. The Secretary of the Navy message No. RUENAAA0474, "DoD Moratorium on New Military Construction," acknowledged the Secretary of Defense moratorium that suspended all MILCON, including project P-105S.

o April 17, 1991. Naval Sea Systems Command message (NAVGRAM) No. 1081500HMS, "Revalidation of Unawarded FY-1990 and FY-1991 MILCON Projects" to the Deputy Chief of Naval Operations (Logistics), sanctioned the resiting of project P-105S from New London to Newport. The message stated that "... due to Mission/Base Realignment, it [project P-105S] should be located at NUWC, Newport, RI vice New London, CT. It is in the best interest of DoD to pursue authorization to change the location of the MILCON and site adapt the design in hand."

o October 3, 1991. Conference Report No. 102-236, "Committee of Conference ... for military construction for the Department of Defense for the fiscal year ending September 30, 1992." The congressional committee agreed to reduce the FY 1992 MILCON, Navy, appropriation by \$37.85 million to reflect prior-year funded projects no longer required because of 1991 base closure actions.

o October 11, 1991. Headquarters, Naval Facilities Engineering Command memorandum, "Conference Appropriation Committee (CAC) Mark FY 1992 MILCON Appropriation Bill," listed project P-105S, costing \$12.6 million, as part of the \$37.85 million general reduction of the FY 1992 MILCON, Navy, appropriation.

ENCLOSURE 1
(Page 1 of 2)

59

Resiting and Reprogramming of Project P-105S

o December 9, 1991. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," deleted project P-105S from the FY 1992 MILCON, Navy, appropriation.

o February 19, 1992. NORTH-DIV memorandum, "FY-93 Military Construction Project P-105, Submarine Electromagnetic Systems Laboratory," to NUWC confirmed that project P-105S was reprogrammed for FY 1993 and was resited from New London to Newport. The memorandum also requested project documentation (facilities study and cost estimate) for project P-105S.

Summary of Prior Audits and Other Reviews

General Accounting Office

NSIAD 93-173 (OSD Case No. 9374), "Military Bases, Analysis of DoD's Recommendations and Selection Process for Closure and Realignment," April 15, 1993. The report stated that the Secretary of Defense's March 12, 1993, recommendations and selection process were generally sound. However, Military Departments did not resolve problems in the selection process of military installations, DoD did not provide strong oversight of the process, and DoD continued to ignore the Government-wide cost implications of its decisions. GAO recommended improvements to program oversight, cost calculations, and data documentation. GAO also recommended that the Commission take corrective action. Management did not comment on this report.

NSIAD 93-161 (OSD Case No. 9294-B), "Military Bases, Revised Cost and Saving Estimates for 1988 and 1991 Closures and Realignments," March 31, 1993. The report stated that Congress may have to appropriate more money to the BRAC accounts than previously estimated. In addition, the report stated that while the total realignment and closure costs have remained relatively stable, land revenue projections have declined. The report did not contain any recommendations.

NSIAD 93-59FS (OSD Case No. 9294), "Military Bases, Army Revised Cost Estimates for the Rock Island and Other Realignments to Redstone," November 1992. The report stated that the reason for the different construction cost estimates was the consolidation of additional buildings or facilities required at Redstone Arsenal as a result of recommendations from both the 1988 and the 1991 Commissions. The report did not contain any recommendations.

NSIAD 91-224S (OSD Case No. 8703-S), "Military Bases, Letters and Requests Received on Proposed Closures and Realignments," May 17, 1991. The report consisted of letters from members of Congress, local government officials, and private citizens expressing their concerns to the Commission. The audit report did not include findings, recommendations, or management comments.

NSIAD 91-224 (OSD Case No. 8703), "Military Bases, Observations on the Analyses Supporting Proposed Closure and Realignments," May 15, 1991. The report stated that the DoD BRAC guidance allowed cost estimating and cost factors used by each Military Department to vary. The report recommended that the Military Departments use consistent procedures and practices to estimate costs associated with future base closures and realignments. Management did not comment on the report.

ENCLOSURE 2
(Page 1 of 6)

Summary of Prior Audits and Other Reviews

Inspector General, DoD

Report No. 93-109, "Base Closure and Realignment Budget Data for the Joint Communications Support Element and the 71st Air Control Squadron," June 11, 1993. The report stated the Air Force did not adequately justify and document the MILCON projects for the Joint Communications Support Element realignment. Estimated project costs were potentially understated, the realignment was delayed, and 10 projects valued at \$25.7 million were canceled. The report also stated the Air Force did not consider relocating existing movable facilities when developing realignment requirements and estimating realignment costs for the 71st Air Control Squadron. The report recommended that the Air Force determine and properly document the facility requirements for the Joint Communications Support Element, implement internal controls to verify that requirements are documented for future projects, and reduce funding of \$25.7 million for the 10 Joint Communications Support Element MILCON projects. The report also recommended that the Air Force utilize existing movable facilities during the realignment of the 71st Air Control Squadron. The Air Force agreed with the recommendations and stated that because the FY 1994 BRAC MILCON budget for the 10 projects included only \$21.22 million of the \$25.7 million estimated for the relocation of the Joint Communications Support Element, the entire amount will be deleted from the FY 1994 budget by September 30, 1993. The Air Force also agreed to delete \$2.9 million for the relocation of the 71st Air Control Squadron by September 30, 1993. Finally, the Air Force will resubmit a new DD Form 1391, by November 15, 1993, for the project to relocate the 71st Air Control Squadron.

Report No. 93-108, "Defense Base Closure and Realignment Budget Data for Williams Air Force Base, Arizona," June 11, 1993. The report stated the Air Force did not adequately plan or properly document the \$4.4 million MILCON project for relocating the Armstrong Laboratory from Williams AFB to Orlando, Florida, and overstated the \$2.1 million project for moving the Plastic Media Blast Module from Williams AFB to Laughlin AFB, Texas, by \$810,000 to \$1.26 million. The report recommended revising and resubmitting the project estimates and reducing the budget requests by \$5.2 million to \$5.6 million. The Air Force decided not to move the Armstrong Laboratory and eliminated the \$4.4 million Armstrong Laboratory project from the budget. The Air Force agreed to reduce the Plastic Media Blast Module cost estimate by \$550,000.

Report No. 93-101, "Quick-Reaction Report on Base Closure and Realignment Budget Data for the Naval Station Puget Sound (Sand Point), Washington," May 26, 1993. The report stated that, of the eight MILCON projects with estimated costs of \$30.5 million, the Navy activities overstated and did not adequately support MILCON requirements for seven projects related to realignment of Naval Station Puget Sound (Sand Point). Also, the Navy activities did not consider the most economical use of existing facilities. The

Summary of Prior Audits and Other Reviews

report recommended that the Navy activities revise and resubmit the MILCON estimates for seven projects and reduce the budget requests by \$4.66 million and that the reviewing activity institute procedures to validate the MILCON requirements. The Navy agreed to reductions of \$3.18 million of the \$4.17 million related to six projects and cited revised estimates or requirements. The Navy and the Comptroller of the Department of Defense nonconcurred with the reduction for an administrative office and band facility, and a joint-use reserve facility because both projects were at the 100-percent design stage and further delays would not be cost-or-time-effective. We maintain that the joint-use reserve facility reduction was not based on design features and are still valid. The reduction for the joint-use reserve facility is being mediated.

Report No. 93-100, "Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993," May 25, 1993. This report is a summary of seven prior audit reports on MILCON requirements for seven base closure and realignment actions. The report stated that 17 projects totaling \$98.9 million included requirements of \$69.7 million that were not adequately supported. In addition, four projects valued at \$33.2 million were not adjusted to reflect changes in workload and force structure that could alter the requirements by as much as \$24.1 million. The report also identified six projects valued at \$44.7 million with requirements that were not supported and one project valued at \$23 million that understated requirements by \$3.5 million. The report did not contain recommendations.

Report No. 93-099, "Quick-Reaction Report on Base Realignment and Closure Budget Data for the Collocations of Army and Navy Blood and Dental Research Programs," May 24, 1993. The report stated that, for three BRAC MILCON projects with estimated costs of \$24.2 million, the collocating Army and Navy blood research programs could use existing facilities for the blood research facility and the applications laboratory, potentially reducing costs \$16.3 million. Collocating dental research programs could also use existing facilities, which could save \$2.4 million. The report also recommended that the Navy extend the lease for the Army blood research program. The Navy did not agree with the report recommendations and stated that the Navy plans represent valid and legitimate requirements that satisfy the intent of BRAC recommendations and Project Reliance initiatives. We disagree with the Navy comments. We await additional Navy comments.

Report No. 93-095, "Quick-Reaction Report on Base Realignment Budget Data for Naval Station, Philadelphia, and Naval Training Center, Great Lakes," May 5, 1993. The report stated that a \$2 million project to renovate Naval Aviation Supply Office facilities was not supported by documentation and was overstated by \$35,000. A \$22.2 million project for the Naval Damage Control Training Center was overstated by \$13.7 million. The report recommended adjusting both projects. The Navy agreed with the recommendation for a \$13.7 million reduction in the estimated costs related to relocation of the Naval

ENCLOSURE 2
(Page 3 of 6)

Summary of Prior Audits and Other Reviews

Damage Control Training Center, but did not agree with the recommended adjustments to the renovation projects for the Naval Aviation Supply Office facilities.

Report No. 93-094, "Quick-Reaction Report on Base Closure and Realignment Budget Data for the Naval Shipyard, Philadelphia, Pennsylvania," April 29, 1993. The report stated that the Navy did not adequately plan and document the utility reconfiguration project to provide complete and usable utilities within a justified cost. As a result, the estimated cost of \$11.8 million for the utility reconfiguration contained \$5.2 million of overstated and unsupported requirements. The remainder of the estimate is questionable. The Navy agreed the budget estimate was not accurate and planned to have a new engineering estimate by January 1994. The Comptroller of the Department of Defense agreed to adjust the Navy budget for the project.

Report No. 93-092, "Base Closure and Realignment Budget Data for the Naval Surface Warfare Center," April 28, 1993. The report stated that, for two MILCON projects with budget costs of \$36.5 million, one project was overstated by \$4.7 million and the other was overstated by \$193,000 and had \$9.8 million of questionable project costs. The report recommended developing and submitting new MILCON project costs based on documented data. The Navy agreed with the recommendation. On August 4, 1993, the Navy reported that it developed new MILCON project costs for the Gas Turbine Ship-Building Modifications. The revised project cost estimate resulted in a downward adjustment from \$10.1 million to \$6.1 million.

Report No. 93-052, "Defense Base Closure and Realignment Budget Data for the Naval Surface Warfare Center," February 10, 1993. The report stated that the Navy overstated costs by \$18.4 million on one project and understated the cost of a second project by \$7.5 million at the Naval Surface Warfare Center, Carderock Division. The report recommended that the Navy reduce the estimate on one project after accounting for duplicate requirements and increase the size of the other project estimate to meet requirements. The Navy agreed to revise the costs of the projects and resubmit the BRAC budget request.

Report No. 93-036, "DoD Base Realignment and Closures II for Lowry Air Force Base," December 18, 1992. The report stated that at least five projects could be either canceled or downsized because the BRAC requirements changed. The report made no recommendations because the Air Force canceled or downsized the five projects during the audit.

Report No. 93-027, "Quick-Reaction Report on the Review of Defense Base Closure and Realignment Budget Data for Carswell, Barksdale, Dyess, Minot, and Tinker Air Force Bases," November 27, 1992. The report stated that 10 MILCON projects valued at \$18.3 million did not have adequate documentation to support the project requirements. Also, the Air Force could

Summary of Prior Audits and Other Reviews

reduce BRAC MILCON costs of \$11.9 million by deleting unnecessary and canceled requirements from the projects. The report recommended that the Air Force eliminate invalid project requirements and maximize the use of existing equipment. The Air Force agreed with the recommendations.

Report No. 92-087, "Quick-Reaction Report on the Review of Defense Base Closure and Realignment Budget Data for Fort Knox and Fort Meade," May 7, 1992. The report stated that four MILCON projects valued at \$34.1 million were supported; however, the Army could reduce MILCON costs by \$500,000 by deleting unnecessary requirements from projects. The report recommended that the Army review the MILCON project at Fort Knox to determine whether costs associated with state-of-the-art design were warranted, and suspend the visual information school project at Fort Meade pending the outcome of a consolidation study. The Comptroller of the Army agreed with the recommendation and will determine the monetary benefits when final decisions are made on the projects.

Report No. 92-086, "Quick-Reaction Report on the Review of Defense Base Closure and Realignment Budget Data for MacDill Air Force Base, Luke Air Force Base, and Seymour Johnson Air Force Base," May 7, 1992. The report stated that four MILCON projects valued at \$9.6 million were supported. However, the Air Force could reduce MILCON costs by \$702,000 to \$1.95 million by using existing facilities and deleting unnecessary requirements. The Air Force generally agreed to use existing facilities when cost effective.

Report No. 92-085, "Quick-Reaction Report on the Review of Defense Base Closure and Realignment Budget Data for Naval Aviation Engineering Service Unit," May 7, 1992. The Navy proposed to renovate a facility at the Naval Air Warfare Center while a decision was being reevaluated as to where the Naval Aviation Engineering Service Unit would actually be located. The report recommended that the project be suspended until the Navy decides on a location. The Assistant Secretary of the Navy agreed and stated that no funds would be authorized or expended for the project until a decision is made after completion of an expense operating study.

Report No. 92-078, "DoD Base Realignment and Closures," April 17, 1992. The report stated that the Navy and the Air Force developed MILCON requirements for 33 projects with \$127.1 million of estimated costs. Of the \$127.1 million, \$72 million was either not supported or should not be funded from the Base Closure Account. The report recommended issuing additional guidance for realignment actions and canceling or reducing the scope for selected projects. The Office of the Secretary of Defense stated that additional guidance on realignment actions was issued since the audit started and agreed to reduce the BRAC funds related to the MILCON projects.

ENCLOSURE 2
(Page 5 of 6)

Summary of Prior Audits and Other Reviews

Army Audit Agency

SR 92-702, "Base Realignment and Closure Construction Requirements," August 12, 1992. The report stated that BRAC funding was not appropriate for four projects totaling \$38.2 million because either the projects were not valid BRAC requirements, or because alternatives to new construction were not considered. The report recommended that the Army establish guidance for determining BRAC construction requirements. The Army agreed with the intent of the recommendation.

Naval Audit Service

028-C-93, "Implementation of the 1993 Base Closure and Realignment Process," March 15, 1993. The report stated that the Navy 1993 base closure and realignment process complied with statutory guidance and Department of Defense policies and procedures. The report also stated the certified data collected and evaluated were reasonably accurate and complete and that management controls over the use of certified data during the analytical process were adequate. The report contained no recommendations.

Air Force Audit Agency

Project 1255312, "Air Force Administration of the Department of Defense (DoD) Base Closure Account," September 10, 1991. The report stated that Air Force internal controls were adequate to administer the Base Closure Account. The report made no recommendations.

Project 0185210, "Base Closure Facility Management," June 19, 1991. The report stated that Air Force planned projects costing \$2.8 million at closing bases may not be needed. The report recommended that the Air Force issue specific facility selection criteria (quality-of-life, mission accomplishment, personnel health and safety, etc.) to be used at closing bases. The Air Force agreed to develop detailed facility management criteria.

Project 1175213, "Base Closure Environmental Planning," June 18, 1991. The report stated that the Air Force had adequate guidance for installation planners for use in developing environmental plans and actions necessary for bases to close and meet disposal dates. The report made no recommendations.

Activities Visited or Contacted

Office of the Secretary of Defense

Comptroller of the Department of Defense, Washington, DC
Assistant Secretary of Defense (Production and Logistics), Washington, DC

Department of the Navy

Deputy Chief of Naval Operations (Logistics), Washington, DC
Headquarters, Naval Facilities Engineering Command, Alexandria, VA
Northern Engineering Field Division, Philadelphia, PA
Headquarters, Naval Sea Systems Command, Washington, DC
Headquarters, Naval Undersea Warfare Center, Newport, RI
Naval Undersea Warfare Center Detachment, Washington, DC
Newport Division, Newport, RI
New London Detachment, New London, CT
Headquarters, Naval Surface Warfare Center, Washington, DC
Coastal Systems Station, Dahlgren Division, Panama City, FL
Crane Division, Crane, IN
Headquarters, Space and Naval Warfare Systems Command, Washington, DC
Naval Command Control and Ocean Surveillance Systems Center, San Diego, CA

ENCLOSURE 3

Report Distribution

Office of the Secretary of Defense

Assistant Secretary of Defense (Economic Security)
Assistant Secretary of Defense (Public Affairs)
Comptroller of the Department of Defense
Deputy Under Secretary of Defense (Environmental Security)

Department of the Navy

Secretary of the Navy
Assistant Secretary of the Navy (Financial Management)
Comptroller of the Navy
Deputy Chief of Naval Operations (Logistics)
Commander, Naval Sea Systems Command
Commander, Naval Undersea Warfare Center
Commander, Newport Division, Naval Undersea Warfare Center
Commander, Naval Facilities Engineering Command
Commander, Northern Engineering Field Division, Naval Facilities Engineering
Command
Commander, Space and Naval Warfare Systems Command
Commander, Naval Surface Warfare Center
Commander, Crane Division, Naval Surface Warfare Center
Commander, Naval Coastal Systems Station, Dahlgren Division, Naval Surface
Warfare Center

Non-Defense Activities

Office of Management and Budget
National Security and International Affairs Division, Technical Information Center,
General Accounting Office

ENCLOSURE 4
(Page 1 of 2)

Report Distribution

Chairman and Ranking Minority Member of Each of the Following Congressional Committees and Subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Operations
House Subcommittee on Legislation and National Security, Committee on Government Operations

Senator John H. Chafee, U.S. Senate
Senator Christopher J. Dodd, U.S. Senate
Senator Joseph I. Lieberman, U.S. Senate
Senator Claiborne Pell, U.S. Senate
Congressman Sam Gejdenson, U.S. House of Representatives
Congressman Ronald K. Machtley, U.S. House of Representatives

Audit Team Members

David K. Steensma	Director, Contract Management Directorate
Wayne K. Million	Audit Program Director
Nick Como	Audit Project Manager
Bucceroni Mason	Senior Auditor
Gopal Jain	Auditor
Elizabeth Lucas	Auditor
Chris E. Johnson	Auditor
Doris Reese	Administrative Support